



# NEW MEXICO CORRECTIONS DEPARTMENT

Secretary  
Alisha Tafoya Lucero

CD-020200 Capital Assets	Issued: 4/16/84 Effective: 1/1/84	Reviewed: 8/21/20 Revised: 8/21/20
Alisha Tafoya Lucero, Cabinet Secretary		

## AUTHORITY:

- A. NMSA 1978, Sections 9-3-1 through -12 as amended.
- B. NMSA 1978, Section 12-6-10 as amended.
- C. NMSA 1978, Sections 13-1-28 to 13-1-199 and 13-6-1 to 13-6-2 as amended.
- D. NMSA 1978, Section 33-1-6 as amended.
- E. NMSA 1978, Section 15-3B-16 as amended.
- F. NMSA 1978, Section 33-2-5 as amended.

## REFERENCES:

- A. NMAC 2.20.1, *Accounting and Control of Fixed Assets of State Government, Accounting for Acquisitions and Establishing Controls*.
- B. ACA Standards 2-CO-1B-08, *Standards for the Administration of Correctional Agencies*, 2<sup>nd</sup> Edition.
- C. ACA Expected Practice 5-1B-4037, *Performance Based Expected Practices for Adult Correctional Institutions*, 5<sup>th</sup> Edition.
- D. ACA Standard 2-CI-6E-3, *Standards for Correctional Industries*, 2<sup>nd</sup> Edition.
- E. MAPS FIN 6 – Asset Management
- F. Governmental Accounting Standards Board, *Codification of Governmental Accounting and Financial Reporting Standards*.

## PURPOSE:

To establish minimum inventory requirements and procedures for the control and accounting of all Fixed Assets belonging to the Corrections Department (NMCD), to comply with state statutes and generally accepted accounting principles (GAAP) applicable to State governments. [2-CI-6E-3]

## APPLICABILITY:

All organizational units within the NMCD.

## FORMS:

None

## ATTACHMENTS:

None

**DEFINITIONS:**

- A. Disposition of Capital Assets: Disposition is the removal of a capital asset from the capital assets records by methods allowed under statutes, the State Auditor's Rule, and NMCD Capital Asset Manual.
- B. Fixed Assets: Any tangible property or equipment which has an initial cost, whether in cash or trade value, of \$500 or greater and which is expected to be used or held beyond the fiscal year in which it was acquired and which is not consumed in its use.
- C. Capital Assets: Any Fixed Asset which has an initial cost, whether in cash or trade value, of \$5,000.00 or greater and which is expected to be used or held beyond the fiscal year in which it was acquired and which is not consumed in its use. Capital Assets include assets acquired under lease-purchase agreements. Such assets shall be included in inventory at the time of acquisition, and the cost listed for such items shall be the total contract price, excluding interest expense. Capital Assets include those assets constructed by Department personnel. A construction cost shall be determined for such assets, which shall include direct labor, materials, equipment usage and overhead that can be distributed on the basis of direct labor such as employee benefits.
- D. Supply Inventory: Any tangible property or equipment stored for future consumption.
- E. Inventory Exempt: Items having a useful life of more than one year and having an initial cost less than \$500.
- F. Capital Assets Coordinator: The person designated by the Business Manager, the Area/District Supervisor, or Chief Fiscal Officer as responsible for controlling and accounting for the Department's Capital Assets. This delegated responsibility is not to be construed as diminishing the responsibility of executive management.
- G. Proprietary Funds: Funds acquired by the Department from user charges designed to recover all costs (including depreciation) of providing goods or services. Enterprise and internal funds used to account for the Department's on-going organization and activity (Corrections Industries) similar to those found in the private sector.

**POLICY:**

- A. Capital Asset records shall be maintained to achieve the following objectives:
  - 1. Protect property, physical plant and equipment from theft, misuse or subjected to excessive wear and tear.
  - 2. Assign stewardship responsibility for particular assets to individual NMCD officials.
  - 3. Provide for on-going capital asset repair and preventive maintenance programs, within budget resources.

4. Appropriately insure through the Risk Management Division of General Services Department in case of loss and to provide a process to verify losses when claims are filed.
  5. Provide input into the budget request for the NMCD's Capital Improvement Plan and its capital outlay appropriation's request.
  6. Permit financial reporting in conformity with GAAP for state governments.
  7. Ensure compliance with Federal and State laws, rules and regulations.
- B. Facility and Training Academy Business Managers or designees (Capital Assets Coordinators) are responsible for performing a complete physical count of all fixed assets at their location regardless of which organizational unit purchased the asset. The ASD Director shall ensure such counts are done in the Central Office Administration Building with the exception of the Probation and Parole Division, Adult Prisons Division, Health Services Division and the Corrections Industries Division, which shall be the responsibility of the applicable Business Managers.
- C. Physical inventories for control of property, plant and equipment costing more than \$5,000 shall be conducted annually. **[2-CO-1B-08] [5-1B-4037]**



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CD-020201 Capital Assets	Issued: 4/16/84 Effective: 1/1/84	Reviewed: 8/21/20 Revised: 8/21/20
Alisha Tafoya Lucero, Cabinet Secretary		<i>Original Signed and Kept on File</i>

## PROCEDURE:

### Acquisition of Property

- A. Upon receipt of any fixed asset, the item will be inspected by the receiving authority and verified against the purchasing documents. Once verified, the asset will be identified with a permanent tag which identifies the organizational unit and a sequential number. The item shall be reported as being received and tagged by completing and forwarding an **Asset Receipt Report (CD-020200.2)** to the Capital Asset Coordinator at ASD.
- B. An electronic list shall be kept of all tagged assets and shall include:
- Asset Tag Number
  - Description
  - Manufacture/Vendor Name
  - Model Number
  - Serial Number
  - Date Acquired
  - Voucher Number
  - Cost
  - Location within department
- C. The Business Manager of the Education Bureau, Health Services Bureau or Information Technology Department shall notify the Business Manager at the appropriate institution when an asset is acquired for, transferred to or disposed of at their location. This will allow the receiving manager to complete and forward an **Asset Receipt Report (CD-020200.1)** as required.

### Transfer of Property

- A. Inter-Agency
1. In order to maintain proper control of all fixed assets, assets are not to be moved and/or transferred between departments or institutions without first completing a Notice of Transfer (CD-020200.3). The notice of transfer must be signed by the sending and receiving Business Managers.
  2. The Receiving party shall follow the same procedure as above in receiving the new asset.
  3. The completed Notice of Transfer shall be sent to the Capital Asset Coordinator at ASD within 30 days of the transfer.

B. Other Agency

1. Before transferring assets to another agency, ASD must be notified of the intended transfer.
2. Once authorized by ASD follow the same procedure used to dispose of property.

2. **Disposition of Property (Capital Assets):**

- A. No sale or disposition of any capital asset with a value of \$5,000 or greater shall be made without notification to and approval from the ASD Financial Management Bureau, Accounting Section. The **Capital Asset Disposal Request** form (*CD-020200.1*) must be used to notify the Accounting Section of any proposed dispositions of capital assets.
- B. The Accounting Section will process all disposition requests and notify or seek approval from the appropriate authorities as listed in NMSA 1978, Sections 13-6-1 to 13-6-2. ***Do not actually dispose of any items until instructed to do so by the Accounting Section.***
  1. For capital assets with a current estimated value of more than \$5,000, 30-day notification to the General Services Department and the State Auditor and compliance with the process per MAPS Fin 6 – Asset Management shall be followed.
  2. The Surplus Property Bureau of the Transportation Services Division of the General Services Department shall be given the right of first refusal when disposing of any obsolete, worn-out or unusable tangible personal property (excluding computer software).
  3. A copy of the transmittal letter which was submitted to the State Auditor will be sent to the Facility/Division by the Accounting Section.
- C. The **Capital Asset Disposal Request** form (*CD-020200.1*) shall contain an official finding (for example, a statement that the item is damaged, unusable or obsolete) and the proposed disposition of the capital asset (for example, dispose at landfill). A description of the item, the part number (if applicable), the cost or current estimated value of the item and the funding source used to acquire the item (for example, general fund) shall be included on the form.
- D. The **Capital Asset Disposal Request** form (*CD-020200.1*) shall be signed by the Facility Warden or a designee, PPD Region Manager and the appropriate Business Manager.
- E. All NMCD capital assets shall be disposed of in the following order:

1. Donation to the Surplus Property Bureau of the Transportation Services Division of the General Services Department;
  2. Competitive sealed bids for sale through the Central Purchasing Office;
  3. Given to other state agencies, local governments or non-profit organizations by direct donation from the NMCD;
  4. Discarded at the local landfill.
- F. Documentation of the disposition of capital assets shall be maintained on location for a minimum of three years from the date of disposition. Documentation shall include, but is not limited to, sales receipts, bills of sale and a copy of the disposition approval letter.
- G. With the exception of proper disposition of canines in accordance with (*CD- 131600*), ***no employee of the NMCD will be allowed to purchase or receive any personal property belonging to the New Mexico NMCD.***
- H. Disposition of canines shall be handled in accordance with NMSA 1978, Section 33-2-5B and CD Policy *CD-131600 K-9 Unit*.

**Disposition of Property (Fixed Assets):**

- A. No sale or disposition of any fixed asset with a value less than \$5,000 shall be made without notification to and approval from the ASD Financial Management Bureau, Accounting Section. The **Inventory Disposal Request** form (cd-020200.4) must be used to notify the Accounting Section of any proposed disposition of fixed assets.
- B. The Accounting Section will process all disposition requests and notify or seek approval from the appropriate authorities as listed in NMSA 1978, Sections 13-6-1 to 13-6-2. ***Do not actually dispose of any items until instructed to do so by the Accounting Section.***
1. For capital assets with a current estimated value of more than \$5,000, 30-day notification to the General Services Department and compliance with the process per MAPS Fin 6 – Asset Management shall be followed.
  2. The Surplus Property Bureau of the Transportation Services Division of the General Services Department shall be given the right of first refusal when disposing of any obsolete, worn-out or unusable tangible personal property (excluding computer software).
- C. The **Inventory Disposal Request** form (*CD-020200.4*) shall contain an official reason for disposal (for example, a statement that the item is damaged, unusable or

obsolete) and the proposed disposition of the capital asset (for example, dispose at landfill). A description of the item, the part number (if applicable) and the cost or current estimated value of the item shall be included on the form.

- D. The **Inventory Disposal Request** form (*CD-020200.4*) shall be signed by the Facility Warden or a designee, PPD Region Manager and the appropriate Business Manager.
- E. All NMCD capital assets shall be disposed of in the following order:
  - 1. Donation to the Surplus Property Bureau of the Transportation Services Division of the General Services Department;
  - 2. Competitive sealed bids for sale through the Central Purchasing Office;
  - 3. Given to other state agencies, local governments or non-profit organizations by direct donation from the NMCD;
  - 4. Discarded at the local landfill.

#### **Annual Physical Inventory**

- A. Each unit shall conduct an annual physical inventory of its Fixed Assets as directed by the ASD Financial Management Bureau at the end of the fiscal year. The report and physical inventory documents shall be sent to the Department's Central Office by the date specified in the directive.
- B. At least annually, the Capital Asset Coordinator at ASD will provide a listing of all Capital Assets as reported to ASD to each responsible Business Manager. The Business Manager shall make any necessary corrections and certify the report as correct.
- C. At least annually, the Financial Management Bureau shall conduct a physical audit of Fixed Assets at each institution and document its findings in a report.

#### **Loss, Theft or Impairment of Fixed Assets**

- A. Impairment is defined as a significant and unexpected decline in the service utility of a capital asset.
- B. In the event of missing, stolen or impaired assets, the following actions shall be taken:
  - 1. If the item is suspected to be stolen, a police report will be filed as soon as possible and forwarded to the Financial Management Bureau.
  - 2. If the item is damaged beyond repair and covered by Risk Management

insurance, Risk Management Division of GSD should be contacted to in order to file a loss claim. The Capital Assets Coordinator at FMB shall be included in all correspondences regarding the claim.

3. The Capital Asset Coordinator at FMB shall be notified as soon as possible of any loss with the **Capital Asset Disposal Request** form (CD-020200.1) and follow the same procedure for disposing of assets.





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4337 State Road 14, Santa Fe, NM 87508 - PO Box 27116, Santa Fe, NM 87502-0116  
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## Capital Asset Disposal Request

**TO:** Accounting Section  
Financial Management Bureau, ASD

**FROM:** \_\_\_\_\_  
(Warden/PPD Region Manager/Division Director/ Business Manager)

**DATE:**

**SUBJECT:** Request for Disposal of Capital Asset inventory

Pursuant to the New Mexico Corrections Department (NMCD) Fixed Asset Policy, we are requesting approval to dispose of the following Capital Asset inventory described below:

<u>Description</u>	<u>Asset #</u>	<u>Tag #</u>	<u>Cost</u>	<u>Reason</u>
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Once approved, the Proposed Method of Disposal shall be in accordance to the disposition checklist in procedure CD-023401.

	<u>Method</u>	<u>Yes or No</u>
1.	Internal Transfer within the Department.	
2.	Transfer to the NM Surplus Property Bureau (SPB) of GSD	
3.	Sale or donation to any governmental unit of an Indian nation, tribe, or pueblo in New Mexico.	
4.	Sale or donation to other state agencies, local public bodies, school districts, state educational institutions or municipalities.	
5.	Competitive sealed bid or public auction through NMCD Central Office Purchasing Department.	
6.	Sale or, if property has no value, gift to any (nonprofit) organization described in Section 501.c.3 of the Internal Revenue Code of 1986.	
7.	Destroyed or otherwise permanently disposed of in accordance with applicable laws.	
8.	Disposed at local landfill.	
9.	Other ( <i>Explanation Required</i> ):	

On-Site Authorization: \_\_\_\_\_  
Warden/PPD Office Supervisor/Division Director DATE \_\_\_\_\_

On-Site Authorization: \_\_\_\_\_  
Business Office/Facility Asset Coordinator DATE \_\_\_\_\_

Department Authorization: \_\_\_\_\_  
ASD Accounting Manager DATE \_\_\_\_\_



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## Asset Receipt Report

Date: \_\_\_\_\_

Facility: \_\_\_\_\_

Received by: \_\_\_\_\_

Description: \_\_\_\_\_

PO # / Invoice # / Voucher #: \_\_\_\_\_

Serial #: \_\_\_\_\_

Facility Tag #: \_\_\_\_\_

Facility Location  
(e.g., Kitchen, Level 2 Laundry) \_\_\_\_\_

\_\_\_\_\_  
Receiver Signature

\_\_\_\_\_  
Business Manager/PPD Field Office Area  
Supervisor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



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## NOTICE OF TRANSFER

Asset #	Tag #	Description	Serial #	Sending Facility	Receiving Facility	New Tag #	Receiving Facility Location

Sending Facility

Receiving Facility

\_\_\_\_\_  
Business Manager Name (Print)

\_\_\_\_\_  
Business Manager Name (Print)

\_\_\_\_\_  
Business Manager Signature

\_\_\_\_\_  
Business Manager Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



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## Inventory Disposal Request

**TO:** Accounting Section  
Financial Management Bureau, ASD

**FROM:** \_\_\_\_\_  
(Warden/PPD Region Manager/Division Director/ Business Manager)

**DATE:**

**SUBJECT:** Inventory Disposition Request

The following supplies are scheduled for disposition:

<u>Description of Item</u>	<u>Part #</u>	<u>Cost</u>	<u>Proposed Method of Disposition</u>	<u>Reason for Disposal</u>
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Once approved, the following procedures will followed according to the disposition checklist in procedure CD-023401:

	<u>Method</u>	<u>Yes or No</u>
1.	Internal Transfer within the Department.	
2.	Transfer to the NM Surplus Property Bureau (SPB) of GSD	
3.	Sale or donation to any governmental unit of an Indian nation, tribe, or pueblo in New Mexico.	
4.	Sale or donation to other state agencies, local public bodies, school districts, state educational institutions or municipalities.	
5.	Competitive sealed bid or public auction through NMCD Central Office Purchasing Department.	
6.	Sale or, if property has no value, gift to any (nonprofit) organization described in Section 501.c.3 of the Internal Revenue Code of 1986.	
7.	Destroyed or otherwise permanently disposed of in accordance with applicable laws.	
8.	Disposed at local landfill.	
9.	Other ( <i>Explanation Required</i> ):	

On-Site Authorization: \_\_\_\_\_  
Warden/PPD Office Supervisor/Division Director DATE

On-Site Authorization: \_\_\_\_\_  
Business Office/Facility Asset Coordinator DATE

Department Authorization: \_\_\_\_\_  
ASD Accounting Manager DATE